

AMENDED IN SENATE MAY 15, 2006

**Senate Constitutional Amendment**

**No. 14**

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**Introduced by Senator Morrow**

April 7, 2005

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Senate Constitutional Amendment No. 14—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending ~~Section 3 of, and by repealing Section 3.5 of,~~ *Sections 3 and 25 of* Article XIII thereof, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 14, as amended, Morrow. Property tax.

The California Constitution and existing property tax law exempt from property taxation property in the amount of \$4,000 of a veteran, as specified, ~~that who~~ meets certain military service requirements, and generally exempts from property taxation the same ~~amount~~ *value* of property of a deceased veteran's unmarried spouse and parents. These provisions preclude these persons from claiming these exemptions if their total property holdings exceed a specified amount. The California Constitution and existing property tax law also establish a homeowners' exemption to exempt from property taxation the first \$7,000 of value of a dwelling that constitutes the taxpayer's principal place of residence, as provided. *The California Constitution requires the Legislature to reimburse each local government for revenues lost as a result of this exemption.*

This measure would ~~repeal the existing property tax exemptions for veterans, their unmarried spouses, and their parents to~~ establish the Military and Veterans' Homeowners' Exemption. This measure would provide a property tax exemption for the principal place of residence

of qualified persons, which this measure would define as ~~active military personnel and veterans, who reside in the state and whose service or discharge meets certain conditions, and the resident, individuals honorably discharged from military service, as specified, and the unmarried, surviving spouses of deceased veterans those same individuals who were eligible for exemption prior to their death are deceased.~~ This measure would provide that this exemption is 10% higher than the general homeowners' exemption and ~~would be~~ is available to a qualified person without regard to the value of his or her property holdings. *This measure would require the Legislature to reimburse each local government for revenues lost as a result of this exemption, in addition to the current reimbursement of those revenues lost as a result of the general homeowners' exemption. This measure would specify that a qualified person that receives this exemption may not also receive either the \$4,000 value exemption that is otherwise authorized for veterans and their spouses or the general homeowners' exemption.*

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

- 1 *Resolved by the Senate, the Assembly concurring, That the*
- 2 *Legislature of the State of California at its 2005–06 Regular*
- 3 *Session commencing on the sixth day of December, 2004,*
- 4 *two-thirds of the membership of each house concurring, hereby*
- 5 *proposes to the people of the State of California, that the*
- 6 *Constitution of the State be amended as follows:*
- 7 *First —That Section 3 of Article XIII thereof is amended to*
- 8 *read:*
- 9 SEC. 3. The following are exempt from property taxation:
- 10 (a) Property owned by the State.
- 11 (b) Property owned by a local government, except as
- 12 otherwise provided in ~~Section 11(a)~~ *subdivision (a) of Section 11.*
- 13 (c) Bonds issued by the State or a local government in the
- 14 State.
- 15 (d) Property used for libraries and museums that are free and
- 16 open to the public and property used exclusively for public
- 17 schools, community colleges, state colleges, and state
- 18 universities.

1 (e) Buildings, land, equipment, and securities used exclusively  
2 for educational purposes by a nonprofit institution of higher  
3 education.

4 (f) Buildings, land on which they are situated, and equipment  
5 used exclusively for religious worship.

6 (g) Property used or held exclusively for the permanent  
7 deposit of human dead or for the care and maintenance of the  
8 property or the dead, except when used or held for profit. This  
9 property is also exempt from special assessment.

10 (h) Growing crops.

11 (i) Fruit and nut trees until 4 years after the season in which  
12 they were planted in orchard form and grape vines until 3 years  
13 after the season in which they were planted in vineyard form.

14 (j) Immature forest trees planted on lands not previously  
15 bearing merchantable timber or planted or of natural growth on  
16 lands from which the merchantable original growth timber stand  
17 to the extent of 70 percent of all trees over 16 inches in diameter  
18 has been removed. Forest trees or timber shall be considered  
19 mature ~~at such~~ *that* time after 40 years from the time of planting  
20 or removal of the original timber when so declared by a majority  
21 vote of a board consisting of a representative from the State  
22 Board of Forestry, a representative from the State Board of  
23 Equalization, and the assessor of the county in which the trees  
24 are located.

25 The Legislature may supersede the foregoing provisions with  
26 an alternative system or systems of taxing or exempting forest  
27 trees or timber, including a taxation system not based on property  
28 valuation. Any alternative system or systems shall provide for  
29 exemption of unharvested immature trees, shall encourage the  
30 continued use of timberlands for the production of trees for  
31 timber products, and shall provide for restricting the use of  
32 timberland to the production of timber products and compatible  
33 uses with provisions for taxation of timberland based on the  
34 restrictions. ~~Nothing in this~~ *This* paragraph shall *not* be construed  
35 to exclude timberland from the provisions of Section 8 of this  
36 article.

37 (k) ~~\$7,000~~ *Seven thousand dollars (\$7,000)* of the full value of  
38 a dwelling, as defined by the Legislature, when occupied by an  
39 owner as his *or her* principal residence, unless the dwelling is  
40 receiving another real property exemption. The Legislature may

1 increase this exemption and may deny it if the owner received  
2 state or local aid to pay taxes either in whole or in part, and either  
3 directly or indirectly, on the dwelling.

4 No increase in this exemption above the amount of ~~\$7,000~~  
5 *seven thousand dollars (\$7,000)* shall be effective for any fiscal  
6 year unless the Legislature increases the rate of state taxes in an  
7 amount sufficient to provide the subventions required by Section  
8 25.

9 If the Legislature increases the homeowners' property tax  
10 exemption, it shall provide increases in benefits to qualified  
11 renters, as defined by law, comparable to the average increase in  
12 benefits to homeowners, as calculated by the Legislature.

13 (l) Vessels of more than 50 tons burden in this State and  
14 engaged in the transportation of freight or passengers.

15 (m) Household furnishings and personal effects not held or  
16 used in connection with a trade, profession, or business.

17 (n) Any debt secured by land.

18 (o) Property in the amount of ~~\$1,000~~ *one thousand dollars*  
19 *(\$1,000)* of a claimant who—

20 (1) is serving in or has served in and has been discharged  
21 under honorable conditions from service in the United States  
22 Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue  
23 Marine (Revenue Cutter) Service; and—

24 (2) served either

25 (i) in time of war, or

26 (ii) in time of peace in a campaign or expedition for which a  
27 medal has been issued by Congress, or

28 (iii) in time of peace and because of a service-connected  
29 disability was released from active duty; and—

30 (3) resides in the State on the current lien date.

31 An unmarried person who owns property valued at ~~\$5,000~~ *five*  
32 *thousand dollars (\$5,000)* or more, or a married person, who,  
33 together with the spouse, owns property valued at ~~\$10,000~~ *ten*  
34 *thousand dollars (\$10,000)* or more, is ineligible for this  
35 exemption.

36 If the claimant is married and does not own property eligible  
37 for the full amount of the exemption, property of the spouse shall  
38 be eligible for the unused balance of the exemption.

39 (p) Property in the amount of ~~\$1,000~~ *one thousand dollars*  
40 *(\$1,000)* of a claimant who—

(1) is the unmarried spouse of a deceased veteran who met the service requirement stated in paragraphs (1) and (2) of ~~subsection 3(o)~~ *subdivision (o)*, and

(2) does not own property in excess of ~~\$10,000~~ *ten thousand dollars (\$10,000)*, and

(3) is a resident of the State on the current lien date.

(q) Property in the amount of ~~\$1,000~~ *one thousand dollars (\$1,000)* of a claimant who—

(1) is the parent of a deceased veteran who met the service requirement stated in paragraphs (1) and (2) of ~~subsection 3(o)~~ *subdivision (o)*, and

(2) receives a pension because of the veteran's service, and

(3) is a resident of the State on the current lien date.

Either parent of a deceased veteran may claim this exemption.

An unmarried person who owns property valued at ~~\$5,000~~ *five thousand dollars (\$5,000)* or more, or a married person, who, together with the spouse, owns property valued at ~~\$10,000~~ *ten thousand dollars (\$10,000)* or more, is ineligible for this exemption.

(r) No individual residing in the State on the effective date of this amendment who would have been eligible for the exemption provided by the previous section 1 <sup>1</sup>/<sub>4</sub> of this article had it not been repealed shall lose eligibility for the exemption as a result of this amendment.

(s) (1) *For a dwelling, as defined by the Legislature for purposes of subdivision (k), that is owned and occupied as the principal residence of a qualified person (as defined in paragraph (2)), an amount that is 10 percent greater than the amount of the homeowners' exemption granted under the authority of subdivision (k). This exemption is known and may be cited as the Military and Veterans' Homeowners' Exemption.*

(2) *For purposes of this subdivision, "qualified person" means either of the following:*

(A) *A person who resides in California on the lien date and who is serving in, or who has served in and has been discharged under honorable conditions from service in, the active or reserve forces of the California National Guard, or of the United States Army, Navy, Air Force, Marine Corps, or Coast Guard.*

(B) *The unmarried surviving spouse, who resides in California on the lien date, of a deceased person who met the requirements*

1 of subparagraph (A) on the lien date immediately preceding his  
2 or her death.

3 (3) A qualified person that receives an exemption under this  
4 subdivision is not eligible to receive the exemptions set forth in  
5 subdivisions (k), (o), and (p).

6 Second — That Section 25 of Article XIII thereof is amended to  
7 read:

8 SEC. 25. The Legislature shall provide, in the same fiscal  
9 year, reimbursements to each local government for revenue lost  
10 because of ~~Section 3(k)~~ subdivisions (k) and (s) of Section 3.

11 First That Section 3 of Article XIII thereof is amended to read:

12 SEC. 3. The following are exempt from property taxation:

13 (a) ~~Property owned by the State.~~

14 (b) ~~Property owned by a local government, except as~~  
15 ~~otherwise provided in subdivision (a) of Section 11.~~

16 (c) ~~Bonds issued by the State or a local government in the~~  
17 ~~State.~~

18 (d) ~~Property used for libraries and museums that are free and~~  
19 ~~open to the public and property used exclusively for public~~  
20 ~~schools, community colleges, state colleges, and state~~  
21 ~~universities.~~

22 (e) ~~Buildings, land, equipment, and securities used exclusively~~  
23 ~~for educational purposes by a nonprofit institution of higher~~  
24 ~~education.~~

25 (f) ~~Buildings, land on which they are situated, and equipment~~  
26 ~~used exclusively for religious worship.~~

27 (g) ~~Property used or held exclusively for the permanent~~  
28 ~~deposit of human dead or for the care and maintenance of the~~  
29 ~~property or the dead, except when used or held for profit. This~~  
30 ~~property is also exempt from special assessment.~~

31 (h) ~~Growing crops.~~

32 (i) ~~Fruit and nut trees until 4 years after the season in which~~  
33 ~~they were planted in orchard form and grape vines until 3 years~~  
34 ~~after the season in which they were planted in vineyard form.~~

35 (j) ~~Immature forest trees planted on lands not previously~~  
36 ~~bearing merchantable timber or planted or of natural growth on~~  
37 ~~lands from which the merchantable original growth timber stand~~  
38 ~~to the extent of 70 percent of all trees over 16 inches in diameter~~  
39 ~~has been removed. Forest trees or timber shall be considered~~  
40 ~~mature at such time after 40 years from the time of planting or~~

1 removal of the original timber when so declared by a majority  
2 vote of a board consisting of a representative from the State  
3 Board of Forestry, a representative from the State Board of  
4 Equalization, and the assessor of the county in which the trees  
5 are located.

6 The Legislature may supersede the foregoing provisions with  
7 an alternative system or systems of taxing or exempting forest  
8 trees or timber, including a taxation system not based on property  
9 valuation. Any alternative system or systems shall provide for  
10 exemption of unharvested immature trees, shall encourage the  
11 continued use of timberlands for the production of trees for  
12 timber products, and shall provide for restricting the use of  
13 timberland to the production of timber products and compatible  
14 uses with provisions for taxation of timberland based on the  
15 restrictions. This paragraph shall not be construed to exclude  
16 timberland from Section 8 of this article.

17 (k) Seven thousand dollars (\$7,000) of the full value of a  
18 dwelling, as defined by the Legislature, when occupied by an  
19 owner as his principal residence, unless the dwelling is receiving  
20 another real property exemption. The Legislature may increase  
21 this exemption and may deny it if the owner received state or  
22 local aid to pay taxes either in whole or in part, and either  
23 directly or indirectly, on the dwelling.

24 No increase in this exemption above the amount of seven  
25 thousand dollars (\$7,000) shall be effective for any fiscal year  
26 unless the Legislature increases the rate of state taxes in an  
27 amount sufficient to provide the subventions required by Section  
28 25.

29 If the Legislature increases the homeowners' property tax  
30 exemption, it shall provide increases in benefits to qualified  
31 renters, as defined by law, comparable to the average increase in  
32 benefits to homeowners, as calculated by the Legislature.

33 (l) Vessels of more than 50 tons burden in this State and  
34 engaged in the transportation of freight or passengers.

35 (m) Household furnishings and personal effects not held or  
36 used in connection with a trade, profession, or business.

37 (n) Any debt secured by land.

38 (o) (1) For a dwelling that is owned and occupied as the  
39 principal residence of a qualified person, an amount that is 10  
40 percent greater than the amount of the homeowners' exemption

1 ~~granted under the authority of subdivision (k). This exemption is~~  
2 ~~known and may be cited as the Military and Veterans'~~  
3 ~~Homeowners' Exemption.~~

4 ~~(2) For purposes of this subdivision, "qualified person" means~~  
5 ~~both of the following:~~

6 ~~(A) A person who resides in California on the lien date and~~  
7 ~~who is serving in, or who has served in and has been discharged~~  
8 ~~under honorable conditions from service in, the United States~~  
9 ~~Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue~~  
10 ~~Marine (Revenue Cutter) Service during either of the following:~~

11 ~~(i) A time of war or in a time of peace in a campaign or~~  
12 ~~expedition for which a medal has been issued by Congress.~~

13 ~~(ii) A time of peace and because of a service-connected~~  
14 ~~disability was released from active duty.~~

15 ~~(B) The unmarried surviving spouse, who resides in California~~  
16 ~~on the lien date, of a deceased person who met the requirements~~  
17 ~~of subparagraph (A) on the lien date immediately preceding his~~  
18 ~~or her death.~~

19 ~~Second That Section 3.5 of Article XIII thereof is repealed.~~